

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1001 be amended to read as follows:

- 1 Page 2, between lines 20 and 21, begin a new paragraph and insert:
2 "SECTION 3. IC 4-31-2-10.5 IS ADDED TO THE INDIANA
3 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2006]: **Sec. 10.5. "Live racing day" means**
5 **a day on which at least eight (8) live horse races are conducted.**
6 SECTION 4. IC 4-31-2-20.7 IS ADDED TO THE INDIANA
7 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
8 [EFFECTIVE JULY 1, 2006]: **Sec. 20.7. "Slot machine" has the**
9 **meaning set forth in IC 4-35-2-9.**
10 SECTION 5. IC 4-31-4-2 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. (a) A county fiscal
12 body may adopt an ordinance permitting the filing of applications under
13 IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks
14 in the county. However, before adopting the ordinance, the county fiscal
15 body must:
16 (1) conduct a public hearing on the proposed ordinance; and
17 (2) publish notice of the public hearing in the manner prescribed
18 by IC 5-3-1.
19 (b) The county fiscal body may:
20 (1) require in the ordinance adopted by the county fiscal body that
21 before applications under IC 4-31-5 to conduct pari-mutuel
22 wagering on horse races at racetracks in the county may be filed,
23 the voters of the county must approve the conducting of horse
24 racing meetings in the county under section 3 of this chapter; or
25 (2) amend an ordinance already adopted by the county fiscal body
26 to require that before applications under IC 4-31-5 to conduct
27 pari-mutuel wagering on horse races at racetracks in the county
28 may be filed, the voters of the county must approve the conducting
29 of horse racing meetings in the county under section 3 of this
30 chapter.

1 An ordinance adopted under this section may not be amended to apply
 2 to a person who has already been issued a permit under IC 4-31-5
 3 before amendment of the ordinance.

4 **(c) An ordinance adopted under this section authorizing a**
 5 **person to conduct pari-mutuel wagering on horse races at**
 6 **racetracks in the county may not be adopted or amended in a**
 7 **manner that restricts a person's ability to conduct gambling games**
 8 **under IC 4-35. An ordinance adopted by the county fiscal body**
 9 **permitting slot machines in the county is not a prerequisite for the**
 10 **lawful operation of slot machines under IC 4-35.**

11 SECTION 6. IC 4-31-5-9 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) The commission
 13 shall determine the dates ~~and the number~~ of racing days authorized
 14 under each recognized meeting permit. Except for racing at winterized
 15 tracks, a recognized meeting may not be conducted after December 10
 16 of a calendar year.

17 **(b) The commission shall require at least one hundred sixty**
 18 **(160) live racing days each calendar year at the racetrack**
 19 **designated in a permit holder's permit, as follows:**

20 **(1) One hundred (100) live racing days must be for**
 21 **standardbreds.**

22 **(2) Sixty (60) live racing days must be for horses that are:**

23 **(A) mounted by jockeys; and**

24 **(B) run on a course without jumps or obstacles.**

25 **The requirements of this subsection are a continuing condition for**
 26 **maintaining the permit holder's permit. However, the requirements**
 27 **do not apply if the commission determines that the permit holder**
 28 **is prevented from conducting live horse racing as a result of a**
 29 **natural disaster or another event over which the permit holder has**
 30 **no control.**

31 SECTION 7. IC 4-31-7-1 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. (a) A person holding
 33 a permit to conduct a horse racing meeting or a license to operate a
 34 satellite facility may provide a place in the racing meeting grounds or
 35 enclosure or the satellite facility at which the person may conduct and
 36 supervise the pari-mutuel system of wagering by patrons of legal age on
 37 the horse races conducted or simulcast by the person. The person may
 38 not permit or use:

39 **(1) another place other than that provided and designated by the**
 40 **person; or**

41 **(2) another method or system of betting or wagering.**

42 **However, a permit holder licensed to conduct gambling games**
 43 **under IC 4-35 may permit wagering on slot machines at a**
 44 **racetrack as permitted by IC 4-35.**

45 **(b) Except as provided in section 7 of this chapter and IC 4-31-5.5,**
 46 **the pari-mutuel system of wagering may not be conducted on any races**

1 except the races at the racetrack, grounds, or enclosure for which the
2 person holds a permit.

3 SECTION 8. IC 4-31-7-2 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 2. (a) A person less
5 than eighteen (18) years of age may not wager at a horse racing
6 meeting.

7 (b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age
8 may not enter the grandstand, clubhouse, or similar areas of a racetrack
9 at which wagering is permitted unless accompanied by a person who is
10 at least twenty-one (21) years of age.

11 (c) A person less than eighteen (18) years of age may not enter a
12 satellite facility.

13 **(d) Except as provided by IC 4-35-7-2, a person less than**
14 **twenty-one (21) years of age may not enter the part of a racetrack**
15 **in which gambling games are conducted under IC 4-35.**

16 SECTION 9. IC 4-31-9-1 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 1. A person that holds
18 a permit to conduct a horse racing meeting or a license to operate a
19 satellite facility shall withhold:

20 (1) eighteen percent (18%) of the total of money wagered on each
21 day at the racetrack or satellite facility (including money wagered
22 on exotic wagering pools, **but excluding money wagered on slot**
23 **machines under IC 4-35); plus**

24 (2) an additional three and one-half percent (3.5%) of the total of
25 all money wagered on exotic wagering pools on each day at the
26 racetrack or satellite facility.

27 SECTION 10. IC 4-33-2-17.5 IS ADDED TO THE INDIANA
28 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
29 [EFFECTIVE JULY 1, 2006]: **Sec. 17.5. "Slot machine taxes" means**
30 **the state wagering tax imposed on gambling games conducted by**
31 **a person holding a gambling game license issued under IC 4-35-5.**

32 SECTION 11. IC 4-33-12-6, AS AMENDED BY P.L.4-2005,
33 SECTION 23, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JULY 1, 2006]: Sec. 6. (a) The department shall place
35 in the state general fund the tax revenue collected under this chapter.

36 (b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7,
37 the treasurer of state shall quarterly pay the following amounts:

38 (1) Except as provided in subsection (k), one dollar (\$1) of the
39 admissions tax collected by the licensed owner for each person
40 embarking on a gambling excursion during the quarter or admitted
41 to a riverboat that has implemented flexible scheduling under
42 IC 4-33-6-21 during the quarter shall be paid to:

43 (A) the city in which the riverboat is docked, if the city:

44 (i) is located in a county having a population of more than
45 one hundred ten thousand (110,000) but less than one
46 hundred fifteen thousand (115,000); or

- 1 (ii) is contiguous to the Ohio River and is the largest city in
- 2 the county; and
- 3 (B) the county in which the riverboat is docked, if the riverboat
- 4 is not docked in a city described in clause (A).
- 5 (2) Except as provided in subsection (k), one dollar (\$1) of the
- 6 admissions tax collected by the licensed owner for each person:
- 7 (A) embarking on a gambling excursion during the quarter; or
- 8 (B) admitted to a riverboat during the quarter that has
- 9 implemented flexible scheduling under IC 4-33-6-21;
- 10 shall be paid to the county in which the riverboat is docked. In the
- 11 case of a county described in subdivision (1)(B), this one dollar
- 12 (\$1) is in addition to the one dollar (\$1) received under
- 13 subdivision (1)(B).
- 14 (3) Except as provided in subsection (k), ten cents (\$0.10) of the
- 15 admissions tax collected by the licensed owner for each person:
- 16 (A) embarking on a gambling excursion during the quarter; or
- 17 (B) admitted to a riverboat during the quarter that has
- 18 implemented flexible scheduling under IC 4-33-6-21;
- 19 shall be paid to the county convention and visitors bureau or
- 20 promotion fund for the county in which the riverboat is docked.
- 21 (4) Except as provided in subsection (k), fifteen cents (\$0.15) of
- 22 the admissions tax collected by the licensed owner for each
- 23 person:
- 24 (A) embarking on a gambling excursion during the quarter; or
- 25 (B) admitted to a riverboat during a quarter that has
- 26 implemented flexible scheduling under IC 4-33-6-21;
- 27 shall be paid to the state fair commission, for use in any activity
- 28 that the commission is authorized to carry out under IC 15-1.5-3.
- 29 (5) Except as provided in subsection (k), ten cents (\$0.10) of the
- 30 admissions tax collected by the licensed owner for each person:
- 31 (A) embarking on a gambling excursion during the quarter; or
- 32 (B) admitted to a riverboat during the quarter that has
- 33 implemented flexible scheduling under IC 4-33-6-21;
- 34 shall be paid to the division of mental health and addiction. The
- 35 division shall allocate at least twenty-five percent (25%) of the
- 36 funds derived from the admissions tax to the prevention and
- 37 treatment of compulsive gambling.
- 38 (6) Except as provided in subsection (k) **and section 7 of this**
- 39 **chapter**, sixty-five cents (\$0.65) of the admissions tax collected
- 40 by the licensed owner for each person embarking on a gambling
- 41 excursion during the quarter or admitted to a riverboat during the
- 42 quarter that has implemented flexible scheduling under
- 43 IC 4-33-6-21 shall be paid to the Indiana horse racing commission
- 44 to be distributed as follows, in amounts determined by the Indiana
- 45 horse racing commission, for the promotion and operation of horse
- 46 racing in Indiana:

- 1 (A) To one (1) or more breed development funds established
 2 by the Indiana horse racing commission under IC 4-31-11-10.
 3 (B) To a racetrack that was approved by the Indiana horse
 4 racing commission under IC 4-31. The commission may make
 5 a grant under this clause only for purses, promotions, and
 6 routine operations of the racetrack. No grants shall be made for
 7 long term capital investment or construction, and no grants
 8 shall be made before the racetrack becomes operational and is
 9 offering a racing schedule.
- 10 (c) With respect to tax revenue collected from a riverboat located in
 11 a historic hotel district, the treasurer of state shall quarterly pay the
 12 following amounts:
- 13 (1) Twenty-five percent (25%) of the admissions tax collected
 14 during the quarter shall be paid to the county treasurer of the
 15 county in which the riverboat is docked. The county treasurer shall
 16 distribute the money received under this subdivision as follows:
- 17 (A) Twenty percent (20%) shall be quarterly distributed to the
 18 county treasurer of a county having a population of more than
 19 thirty-nine thousand six hundred (39,600) but less than forty
 20 thousand (40,000) for appropriation by the county fiscal body
 21 after receiving a recommendation from the county executive.
 22 The county fiscal body for the receiving county shall provide
 23 for the distribution of the money received under this clause to
 24 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
 25 the county under a formula established by the county fiscal
 26 body after receiving a recommendation from the county
 27 executive.
- 28 (B) Twenty percent (20%) shall be quarterly distributed to the
 29 county treasurer of a county having a population of more than
 30 ten thousand seven hundred (10,700) but less than twelve
 31 thousand (12,000) for appropriation by the county fiscal body.
 32 The county fiscal body for the receiving county shall provide
 33 for the distribution of the money received under this clause to
 34 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
 35 the county under a formula established by the county fiscal
 36 body after receiving a recommendation from the county
 37 executive.
- 38 (C) Sixty percent (60%) shall be retained by the county where
 39 the riverboat is docked for appropriation by the county fiscal
 40 body after receiving a recommendation from the county
 41 executive. The county fiscal body shall provide for the
 42 distribution of part or all of the money received under this
 43 clause to the following under a formula established by the
 44 county fiscal body:
- 45 (i) A town having a population of more than two thousand
 46 two hundred (2,200) but less than three thousand five

- 1 hundred (3,500) located in a county having a population of
- 2 more than nineteen thousand three hundred (19,300) but less
- 3 than twenty thousand (20,000).
- 4 (ii) A town having a population of more than three thousand
- 5 five hundred (3,500) located in a county having a population
- 6 of more than nineteen thousand three hundred (19,300) but
- 7 less than twenty thousand (20,000).
- 8 (2) Sixteen percent (16%) of the admissions tax collected during
- 9 the quarter shall be paid in equal amounts to each town that:
- 10 (A) is located in the county in which the riverboat docks; and
- 11 (B) contains a historic hotel.
- 12 The town council shall appropriate a part of the money received by
- 13 the town under this subdivision to the budget of the town's tourism
- 14 commission.
- 15 (3) Nine percent (9%) of the admissions tax collected during the
- 16 quarter shall be paid to the historic hotel preservation commission
- 17 established under IC 36-7-11.5.
- 18 (4) Twenty-five percent (25%) of the admissions tax collected
- 19 during the quarter shall be paid to the West Baden Springs historic
- 20 hotel preservation and maintenance fund established by
- 21 IC 36-7-11.5-11(b).
- 22 (5) Twenty-five percent (25%) of the admissions tax collected
- 23 during the quarter shall be paid to the Indiana economic
- 24 development corporation to be used by the corporation for the
- 25 development and implementation of a regional economic
- 26 development strategy to assist the residents of the county in which
- 27 the riverboat is located and residents of contiguous counties in
- 28 improving their quality of life and to help promote successful and
- 29 sustainable communities. The regional economic development
- 30 strategy must include goals concerning the following issues:
- 31 (A) Job creation and retention.
- 32 (B) Infrastructure, including water, wastewater, and storm
- 33 water infrastructure needs.
- 34 (C) Housing.
- 35 (D) Workforce training.
- 36 (E) Health care.
- 37 (F) Local planning.
- 38 (G) Land use.
- 39 (H) Assistance to regional economic development groups.
- 40 (I) Other regional development issues as determined by the
- 41 Indiana economic development corporation.
- 42 (d) With respect to tax revenue collected from a riverboat that
- 43 operates from a county having a population of more than four hundred
- 44 thousand (400,000) but less than seven hundred thousand (700,000),
- 45 the treasurer of state shall quarterly pay the following amounts:
- 46 (1) Except as provided in subsection (k), one dollar (\$1) of the

- 1 admissions tax collected by the licensed owner for each person:
- 2 (A) embarking on a gambling excursion during the quarter; or
- 3 (B) admitted to a riverboat during the quarter that has
- 4 implemented flexible scheduling under IC 4-33-6-21;
- 5 shall be paid to the city in which the riverboat is docked.
- 6 (2) Except as provided in subsection (k), one dollar (\$1) of the
- 7 admissions tax collected by the licensed owner for each person:
- 8 (A) embarking on a gambling excursion during the quarter; or
- 9 (B) admitted to a riverboat during the quarter that has
- 10 implemented flexible scheduling under IC 4-33-6-21;
- 11 shall be paid to the county in which the riverboat is docked.
- 12 (3) Except as provided in subsection (k), nine cents (\$0.09) of the
- 13 admissions tax collected by the licensed owner for each person:
- 14 (A) embarking on a gambling excursion during the quarter; or
- 15 (B) admitted to a riverboat during the quarter that has
- 16 implemented flexible scheduling under IC 4-33-6-21;
- 17 shall be paid to the county convention and visitors bureau or
- 18 promotion fund for the county in which the riverboat is docked.
- 19 (4) Except as provided in subsection (k), one cent (\$0.01) of the
- 20 admissions tax collected by the licensed owner for each person:
- 21 (A) embarking on a gambling excursion during the quarter; or
- 22 (B) admitted to a riverboat during the quarter that has
- 23 implemented flexible scheduling under IC 4-33-6-21;
- 24 shall be paid to the northwest Indiana law enforcement training
- 25 center.
- 26 (5) Except as provided in subsection (k), fifteen cents (\$0.15) of
- 27 the admissions tax collected by the licensed owner for each
- 28 person:
- 29 (A) embarking on a gambling excursion during the quarter; or
- 30 (B) admitted to a riverboat during a quarter that has
- 31 implemented flexible scheduling under IC 4-33-6-21;
- 32 shall be paid to the state fair commission for use in any activity
- 33 that the commission is authorized to carry out under IC 15-1.5-3.
- 34 (6) Except as provided in subsection (k), ten cents (\$0.10) of the
- 35 admissions tax collected by the licensed owner for each person:
- 36 (A) embarking on a gambling excursion during the quarter; or
- 37 (B) admitted to a riverboat during the quarter that has
- 38 implemented flexible scheduling under IC 4-33-6-21;
- 39 shall be paid to the division of mental health and addiction. The
- 40 division shall allocate at least twenty-five percent (25%) of the
- 41 funds derived from the admissions tax to the prevention and
- 42 treatment of compulsive gambling.
- 43 (7) Except as provided in subsection (k) **and section 7 of this**
- 44 **chapter**, sixty-five cents (\$0.65) of the admissions tax collected
- 45 by the licensed owner for each person embarking on a gambling
- 46 excursion during the quarter or admitted to a riverboat during the

1 quarter that has implemented flexible scheduling under
 2 IC 4-33-6-21 shall be paid to the Indiana horse racing commission
 3 to be distributed as follows, in amounts determined by the Indiana
 4 horse racing commission, for the promotion and operation of horse
 5 racing in Indiana:

6 (A) To one (1) or more breed development funds established
 7 by the Indiana horse racing commission under IC 4-31-11-10.

8 (B) To a racetrack that was approved by the Indiana horse
 9 racing commission under IC 4-31. The commission may make
 10 a grant under this clause only for purses, promotions, and
 11 routine operations of the racetrack. No grants shall be made for
 12 long term capital investment or construction, and no grants
 13 shall be made before the racetrack becomes operational and is
 14 offering a racing schedule.

15 (e) Money paid to a unit of local government under subsection (b)(1)
 16 through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

17 (1) must be paid to the fiscal officer of the unit and may be
 18 deposited in the unit's general fund or riverboat fund established
 19 under IC 36-1-8-9, or both;

20 (2) may not be used to reduce the unit's maximum levy under
 21 IC 6-1.1-18.5 but may be used at the discretion of the unit to
 22 reduce the property tax levy of the unit for a particular year;

23 (3) may be used for any legal or corporate purpose of the unit,
 24 including the pledge of money to bonds, leases, or other
 25 obligations under IC 5-1-14-4; and

26 (4) is considered miscellaneous revenue.

27 (f) Money paid by the treasurer of state under subsection (b)(3) or
 28 (d)(3) shall be:

29 (1) deposited in:

30 (A) the county convention and visitor promotion fund; or

31 (B) the county's general fund if the county does not have a
 32 convention and visitor promotion fund; and

33 (2) used only for the tourism promotion, advertising, and
 34 economic development activities of the county and community.

35 (g) Money received by the division of mental health and addiction
 36 under subsections (b)(5) and (d)(6):

37 (1) is annually appropriated to the division of mental health and
 38 addiction;

39 (2) shall be distributed to the division of mental health and
 40 addiction at times during each state fiscal year determined by the
 41 budget agency; and

42 (3) shall be used by the division of mental health and addiction for
 43 programs and facilities for the prevention and treatment of
 44 addictions to drugs, alcohol, and compulsive gambling, including
 45 the creation and maintenance of a toll free telephone line to
 46 provide the public with information about these addictions. The

1 division shall allocate at least twenty-five percent (25%) of the
2 money received to the prevention and treatment of compulsive
3 gambling.

4 (h) This subsection applies to the following:

5 (1) Each entity receiving money under subsection (b).

6 (2) Each entity receiving money under subsection (d)(1) through
7 (d)(2).

8 (3) Each entity receiving money under subsection (d)(5) through
9 (d)(7).

10 The treasurer of state shall determine the total amount of money paid by
11 the treasurer of state to an entity subject to this subsection during the
12 state fiscal year 2002. The amount determined under this subsection is
13 the base year revenue for each entity subject to this subsection. The
14 treasurer of state shall certify the base year revenue determined under
15 this subsection to each entity subject to this subsection.

16 (i) This subsection applies to an entity receiving money under
17 subsection (d)(3) or (d)(4). The treasurer of state shall determine the
18 total amount of money paid by the treasurer of state to the entity
19 described in subsection (d)(3) during state fiscal year 2002. The amount
20 determined under this subsection multiplied by nine-tenths (0.9) is the
21 base year revenue for the entity described in subsection (d)(3). The
22 amount determined under this subsection multiplied by one-tenth (0.1)
23 is the base year revenue for the entity described in subsection (d)(4).
24 The treasurer of state shall certify the base year revenue determined
25 under this subsection to each entity subject to this subsection.

26 (j) This subsection does not apply to an entity receiving money under
27 subsection (c). For state fiscal years beginning after June 30, 2002, the
28 total amount of money distributed to an entity under this section during
29 a state fiscal year may not exceed the entity's base year revenue as
30 determined under subsection (h) or (i). If the treasurer of state
31 determines that the total amount of money distributed to an entity under
32 this section during a state fiscal year is less than the entity's base year
33 revenue, the treasurer of state shall make a supplemental distribution to
34 the entity under IC 4-33-13-5(g).

35 (k) This subsection does not apply to an entity receiving money
36 under subsection (c). For state fiscal years beginning after June 30,
37 2002, the treasurer of state shall pay that part of the riverboat
38 admissions taxes that:

39 (1) ~~exceed~~ **exceeds** a particular entity's base year revenue; and

40 (2) would otherwise be due to the entity under this section;

41 to the property tax replacement fund instead of to the entity.

42 SECTION 12. IC 4-33-12-7 IS ADDED TO THE INDIANA CODE
43 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
44 JULY 1, 2006]: **Sec. 7. (a) The maximum amount paid to the**
45 **Indiana horse racing commission under this article in a state fiscal**
46 **year ending before July 1, 2008, may not exceed the remainder of:**

1 **(1) the Indiana horse racing commission's base year revenue**
 2 **as determined under section 6(h) of this chapter; minus**
 3 **(2) the amount of slot machine taxes, if any, distributed to the**
 4 **Indiana horse racing commission under IC 4-35-8-3 in the**
 5 **state fiscal year.**

6 **(b) For a state fiscal year ending before July 1, 2008, the**
 7 **treasurer of state shall pay an amount equal to the lesser of:**

8 **(1) the amount of admissions taxes specified in:**

9 **(A) section 6(b)(6) of this chapter; and**

10 **(B) section 6(d)(7) of this chapter; or**

11 **(2) the amount of slot machine taxes subtracted from the**
 12 **Indiana horse racing commission's base year revenue under**
 13 **subsection (a);**

14 **to the state general fund instead of to the Indiana horse racing**
 15 **commission.**

16 **(c) For a state fiscal year beginning after June 30, 2008, the**
 17 **Indiana horse racing commission is not entitled to a distribution of**
 18 **admissions taxes collected under this chapter. After June 30, 2008,**
 19 **the treasurer of state shall pay the total amount of admissions taxes**
 20 **specified in:**

21 **(1) section 6(b)(6) of this chapter; and**

22 **(2) section 6(d)(7) of this chapter;**

23 **to the state general fund instead of to the Indiana horse racing**
 24 **commission.**

25 SECTION 13. IC 4-33-13-5, AS AMENDED BY P.L.246-2005,
 26 SECTION 46, IS AMENDED TO READ AS FOLLOWS
 27 [EFFECTIVE JULY 1, 2006]: Sec. 5. (a) This subsection does not
 28 apply to tax revenue remitted by an operating agent operating a
 29 riverboat in a historic hotel district. After funds are appropriated under
 30 section 4 of this chapter, each month the treasurer of state shall
 31 distribute the tax revenue deposited in the state gaming fund under this
 32 chapter to the following:

33 (1) The first thirty-three million dollars (\$33,000,000) of tax
 34 revenues collected under this chapter shall be set aside for revenue
 35 sharing under subsection (e).

36 (2) Subject to subsection (c), twenty-five percent (25%) of the
 37 remaining tax revenue remitted by each licensed owner shall be
 38 paid:

39 (A) to the city that is designated as the home dock of the
 40 riverboat from which the tax revenue was collected, in the case
 41 of:

42 (i) a city described in IC 4-33-12-6(b)(1)(A); or

43 (ii) a city located in a county having a population of more
 44 than four hundred thousand (400,000) but less than seven
 45 hundred thousand (700,000); or

46 (B) to the county that is designated as the home dock of the

- 1 riverboat from which the tax revenue was collected, in the case
 2 of a riverboat whose home dock is not in a city described in
 3 clause (A).
- 4 (3) Subject to subsection (d), the remainder of the tax revenue
 5 remitted by each licensed owner shall be paid to the property tax
 6 replacement fund. In each state fiscal year, the treasurer of state
 7 shall make the transfer required by this subdivision not later than
 8 the last business day of the month in which the tax revenue is
 9 remitted to the state for deposit in the state gaming fund. However,
 10 if tax revenue is received by the state on the last business day in a
 11 month, the treasurer of state may transfer the tax revenue to the
 12 property tax replacement fund in the immediately following
 13 month.
- 14 (b) This subsection applies only to tax revenue remitted by an
 15 operating agent operating a riverboat in a historic hotel district. After
 16 funds are appropriated under section 4 of this chapter, each month the
 17 treasurer of state shall distribute the tax revenue deposited in the state
 18 gaming fund under this chapter as follows:
- 19 (1) Thirty-seven and one-half percent (37.5%) shall be paid to the
 20 property tax replacement fund established under IC 6-1.1-21.
- 21 (2) Thirty-seven and one-half percent (37.5%) shall be paid to the
 22 West Baden Springs historic hotel preservation and maintenance
 23 fund established by IC 36-7-11.5-11(b). However, at any time the
 24 balance in that fund exceeds twenty million dollars (\$20,000,000),
 25 the amount described in this subdivision shall be paid to the
 26 property tax replacement fund established under IC 6-1.1-21.
- 27 (3) Five percent (5%) shall be paid to the historic hotel
 28 preservation commission established under IC 36-7-11.5.
- 29 (4) Ten percent (10%) shall be paid in equal amounts to each town
 30 that:
- 31 (A) is located in the county in which the riverboat docks; and
 32 (B) contains a historic hotel.
- 33 The town council shall appropriate a part of the money received by
 34 the town under this subdivision to the budget of the town's tourism
 35 commission.
- 36 (5) Ten percent (10%) shall be paid to the county treasurer of the
 37 county in which the riverboat is docked. The county treasurer shall
 38 distribute the money received under this subdivision as follows:
- 39 (A) Twenty percent (20%) shall be quarterly distributed to the
 40 county treasurer of a county having a population of more than
 41 thirty-nine thousand six hundred (39,600) but less than forty
 42 thousand (40,000) for appropriation by the county fiscal body
 43 after receiving a recommendation from the county executive.
 44 The county fiscal body for the receiving county shall provide
 45 for the distribution of the money received under this clause to
 46 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in

- 1 the county under a formula established by the county fiscal
 2 body after receiving a recommendation from the county
 3 executive.
- 4 (B) Twenty percent (20%) shall be quarterly distributed to the
 5 county treasurer of a county having a population of more than
 6 ten thousand seven hundred (10,700) but less than twelve
 7 thousand (12,000) for appropriation by the county fiscal body
 8 after receiving a recommendation from the county executive.
 9 The county fiscal body for the receiving county shall provide
 10 for the distribution of the money received under this clause to
 11 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
 12 the county under a formula established by the county fiscal
 13 body after receiving a recommendation from the county
 14 executive.
- 15 (C) Sixty percent (60%) shall be retained by the county where
 16 the riverboat is docked for appropriation by the county fiscal
 17 body after receiving a recommendation from the county
 18 executive. The county fiscal body shall provide for the
 19 distribution of part or all of the money received under this
 20 clause to the following under a formula established by the
 21 county fiscal body:
- 22 (i) A town having a population of more than two thousand
 23 two hundred (2,200) but less than three thousand five
 24 hundred (3,500) located in a county having a population of
 25 more than nineteen thousand three hundred (19,300) but less
 26 than twenty thousand (20,000).
- 27 (ii) A town having a population of more than three thousand
 28 five hundred (3,500) located in a county having a population
 29 of more than nineteen thousand three hundred (19,300) but
 30 less than twenty thousand (20,000).
- 31 (c) For each city and county receiving money under subsection
 32 (a)(2), the treasurer of state shall determine the total amount of money
 33 paid by the treasurer of state to the city or county during the state fiscal
 34 year 2002. The amount determined is the base year revenue for the city
 35 or county. The treasurer of state shall certify the base year revenue
 36 determined under this subsection to the city or county. The total amount
 37 of money distributed to a city or county under this section during a state
 38 fiscal year may not exceed the entity's base year revenue. For each state
 39 fiscal year, the treasurer of state shall pay that part of the riverboat
 40 wagering taxes that:
- 41 (1) exceeds a particular city's or county's base year revenue; and
 42 (2) would otherwise be due to the city or county under this section;
 43 to the property tax replacement fund instead of to the city or county.
- 44 (d) Each state fiscal year the treasurer of state shall transfer from the
 45 tax revenue remitted to the property tax replacement fund under
 46 subsection (a)(3) to the build Indiana fund an amount that when added

1 to the following may not exceed two hundred fifty million dollars
2 (\$250,000,000):

- 3 (1) Surplus lottery revenues under IC 4-30-17-3.
4 (2) Surplus revenue from the charity gaming enforcement fund
5 under IC 4-32-10-6.
6 (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

7 The treasurer of state shall make transfers on a monthly basis as needed
8 to meet the obligations of the build Indiana fund. If in any state fiscal
9 year insufficient money is transferred to the property tax replacement
10 fund under subsection (a)(3) to comply with this subsection, the
11 treasurer of state shall reduce the amount transferred to the build
12 Indiana fund to the amount available in the property tax replacement
13 fund from the transfers under subsection (a)(3) for the state fiscal year.

14 (e) Before August 15 of each year, the treasurer of state shall
15 distribute the wagering taxes set aside for revenue sharing under
16 subsection (a)(1) to the county treasurer of each county that does not
17 have a riverboat according to the ratio that the county's population bears
18 to the total population of the counties that do not have a riverboat.
19 Except as provided in subsection (h), the county auditor shall distribute
20 the money received by the county under this subsection as follows:

- 21 (1) To each city located in the county according to the ratio the
22 city's population bears to the total population of the county.
23 (2) To each town located in the county according to the ratio the
24 town's population bears to the total population of the county.
25 (3) After the distributions required in subdivisions (1) and (2) are
26 made, the remainder shall be retained by the county.

27 (f) Money received by a city, town, or county under subsection (e) or
28 (h) may be used for any of the following purposes:

- 29 (1) To reduce the property tax levy of the city, town, or county for
30 a particular year (a property tax reduction under this subdivision
31 does not reduce the maximum levy of the city, town, or county
32 under IC 6-1.1-18.5).
33 (2) For deposit in a special fund or allocation fund created under
34 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and
35 IC 36-7-30 to provide funding for additional credits for property
36 tax replacement in property tax increment allocation areas or debt
37 repayment.
38 (3) To fund sewer and water projects, including storm water
39 management projects.
40 (4) For police and fire pensions.
41 (5) To carry out any governmental purpose for which the money
42 is appropriated by the fiscal body of the city, town, or county.
43 Money used under this subdivision does not reduce the property
44 tax levy of the city, town, or county for a particular year or reduce
45 the maximum levy of the city, town, or county under
46 IC 6-1.1-18.5.

1 (g) This subsection does not apply to an entity receiving money
 2 under IC 4-33-12-6(c). Before September 15 of each year, the treasurer
 3 of state shall determine the total amount of money distributed to an
 4 entity under IC 4-33-12-6 during the preceding state fiscal year. If the
 5 treasurer of state determines that the total amount of money distributed
 6 to an entity under IC 4-33-12-6 during the preceding state fiscal year
 7 was less than the entity's base year revenue (as determined under
 8 IC 4-33-12-6), the treasurer of state shall make a supplemental
 9 distribution to the entity from taxes collected under this chapter and
 10 deposited into the property tax replacement fund. **Except as provided**
 11 **in subsection (i), the amount of the an entity's supplemental**
 12 **distribution is equal to:**

13 (1) the entity's base year revenue (as determined under
 14 IC 4-33-12-6); minus

15 (2) the sum of:

16 (A) the total amount of money distributed to the entity during
 17 the preceding state fiscal year under IC 4-33-12-6; plus

18 (B) any amounts deducted under IC 6-3.1-20-7.

19 (h) This subsection applies only to a county containing a
 20 consolidated city. The county auditor shall distribute the money received
 21 by the county under subsection (e) as follows:

22 (1) To each city, other than a consolidated city, located in the
 23 county according to the ratio that the city's population bears to the
 24 total population of the county.

25 (2) To each town located in the county according to the ratio that
 26 the town's population bears to the total population of the county.

27 (3) After the distributions required in subdivisions (1) and (2) are
 28 made, the remainder shall be paid in equal amounts to the
 29 consolidated city and the county.

30 **(i) This subsection applies only to the Indiana horse racing**
 31 **commission. For a state fiscal year ending before July 1, 2008, the**
 32 **amount of the Indiana horse racing commission's supplemental**
 33 **distribution under subsection (g) must be reduced by the amount**
 34 **required under IC 4-33-12-7(a). For a state fiscal year beginning**
 35 **after June 30, 2008, the Indiana horse racing commission is not**
 36 **entitled to a supplemental distribution under subsection (g).**

37 SECTION 14. IC 4-33-18-9 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 9. (a) Nothing in this
 39 chapter may be construed to limit the powers or responsibilities of:

40 (1) the ~~Indiana state~~ lottery commission under IC 4-30;

41 (2) the Indiana horse racing commission under IC 4-31;

42 (3) the department of state revenue under IC 4-32; or

43 (4) the Indiana gaming commission under IC 4-33 **or IC 4-35.**

44 (b) The department may not exercise any administrative or
 45 regulatory powers with respect to:

46 (1) the Indiana lottery under IC 4-30;

- 1 (2) pari-mutuel horse racing under IC 4-31;
 2 (3) charity gaming under IC 4-32; or
 3 (4) riverboat casino gambling under IC 4-33; or
 4 (5) gambling games conducted at a racetrack (as defined in
 5 IC 4-35-2-8) under IC 4-35.

6 SECTION 15. IC 4-35 IS ADDED TO THE INDIANA CODE AS
 7 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 8 2006]:

9 **ARTICLE 35. GAMBLING GAMES AT RACETRACKS**

10 **Chapter 1. Application**

11 **Sec. 1. This article applies only to gambling games conducted by**
 12 **a permit holder holding a gambling game license issued under**
 13 **IC 4-35-5.**

14 **Chapter 2. Definitions**

15 **Sec. 1. The definitions in this chapter apply throughout this**
 16 **article.**

17 **Sec. 2. "Adjusted gross receipts" means:**

18 (1) the total of all cash and property (including checks
 19 received by a licensee, whether collected or not) received by
 20 a licensee from gambling games; minus

21 (2) the total of:

22 (A) all cash paid out to patrons as winnings for gambling
 23 games; and

24 (B) uncollectible gambling game receivables, not to exceed
 25 the lesser of:

26 (i) a reasonable provision for uncollectible patron checks
 27 received from gambling games; or

28 (ii) two percent (2%) of the total of all sums, including
 29 checks, whether collected or not, less the amount paid
 30 out to patrons as winnings for gambling games.

31 **For purposes of this section, a counter or personal check that is**
 32 **invalid or unenforceable under this article is considered cash**
 33 **received by the licensee from gambling games.**

34 **Sec. 3. "Commission" refers to the Indiana gaming commission**
 35 **established by IC 4-33-3-1.**

36 **Sec. 4. "Department" refers to the department of state revenue.**

37 **Sec. 5. "Gambling game" means a game played on a slot**
 38 **machine.**

39 **Sec. 6. "Licensee" means a permit holder holding a gambling**
 40 **game license issued under IC 4-35-5.**

41 **Sec. 7. "Permit holder" means a person holding a permit issued**
 42 **under IC 4-31-5 to conduct a pari-mutuel horse racing meeting.**

43 **Sec. 8. "Racetrack" means the racetrack specified in a permit**
 44 **holder's permit to conduct a pari-mutuel horse racing meeting.**

45 **Sec. 9. "Slot machine" means a type of electronic gaming device**
 46 **approved by the commission as a wagering device for use under**

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this article.

Sec. 10. "Supplier's license" means a license issued under IC 4-35-6.

Chapter 3. General Provisions

Sec. 1. All shipments of slot machines to licensees in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into Indiana.

Sec. 2. Under 15 U.S.C. 1172, approved January 2, 1951, the state of Indiana, acting by and through elected and qualified members of the general assembly, declares that the state is exempt from 15 U.S.C. 1172.

Chapter 4. Powers and Duties of the Indiana Gaming Commission

Sec. 1. The commission shall regulate and administer gambling games conducted by a licensee under this article.

Sec. 2. The commission shall do the following:

- (1) Adopt rules that the commission determines are necessary to protect or enhance the following:**
 - (A) The credibility and integrity of gambling games authorized under this article.**
 - (B) The regulatory process provided in this article.**
- (2) Conduct all hearings concerning civil violations of this article.**
- (3) Provide for the establishment and collection of license fees imposed under this article, and deposit the license fees in the state general fund.**
- (4) Levy and collect penalties for noncriminal violations of this article, and deposit the penalties in the state general fund.**
- (5) Adopt appropriate standards for the design, appearance, aesthetics, and construction of slot machine facilities authorized under this article.**

Sec. 3. The commission shall adopt rules under IC 4-22-2 for the following purposes:

- (1) Administering this article.**
- (2) Establishing the conditions under which gambling games at racetracks may be conducted.**
- (3) Providing for the prevention of practices detrimental to the public interest.**
- (4) Establishing rules concerning the inspection of gambling game facilities at racetracks and the review of the licenses necessary to conduct gambling games under this article.**
- (5) Imposing penalties for noncriminal violations of this article.**

Sec. 4. The commission may enter into a contract with the

1 **Indiana horse racing commission for the provision of services**
 2 **necessary to administer this article.**

3 **Chapter 5. Gambling Game License**

4 **Sec. 1. The commission may issue a license to a permit holder to**
 5 **conduct gambling games under this article at the permit holder's**
 6 **racetrack. The number of licenses issued under this chapter may**
 7 **not exceed two (2).**

8 **Sec. 2. Before issuing a license to a person under this chapter,**
 9 **the commission shall subject the person to a background**
 10 **investigation similar to a background investigation required for an**
 11 **applicant for a riverboat owner's license under IC 4-33-6.**

12 **Sec. 3. (a) A permit holder that is issued a gambling game**
 13 **license under this article must pay an initial licensing fee equal to**
 14 **the product of:**

15 **(1) forty thousand dollars (\$40,000); multiplied by**

16 **(2) the number of slot machines that the permit holder will**
 17 **place into service at the permit holder's racetrack.**

18 **The fee required under this section must be paid to the commission**
 19 **before September 1, 2006.**

20 **(b) A permit holder that is issued a gambling game license under**
 21 **this article may not operate a satellite facility under IC 4-31-5.5**
 22 **that was not in operation on January 1, 2006.**

23 **Sec. 4. An initial gambling game license expires five (5) years**
 24 **after the effective date of the license. Unless the gambling game**
 25 **license is terminated or revoked, the gambling game license may be**
 26 **renewed annually thereafter upon:**

27 **(1) the payment of an annual renewal fee of five thousand**
 28 **dollars (\$5,000); and**

29 **(2) a determination by the commission that the licensee**
 30 **satisfies the conditions of this chapter.**

31 **Sec. 5. (a) The commission shall conduct a complete**
 32 **investigation of each licensee every three (3) years to determine**
 33 **whether the licensee remains in compliance with this article.**

34 **(b) Notwithstanding subsection (a), the commission may**
 35 **investigate a licensee at any time the commission determines it is**
 36 **necessary to ensure that the licensee remains in compliance with**
 37 **this article.**

38 **Sec. 6. A permit holder or other person investigated under this**
 39 **chapter shall bear the cost of the investigation.**

40 **Sec. 7. (a) A licensee or any other person must apply for and**
 41 **receive the commission's approval before:**

42 **(1) a gambling game license is:**

43 **(A) transferred;**

44 **(B) sold; or**

45 **(C) purchased; or**

46 **(2) a voting trust agreement or other similar agreement is**

- 1 established with respect to the gambling game license.
- 2 (b) The commission shall adopt rules governing the procedure
3 a licensee or other person must follow to take an action under
4 subsection (a). The rules must specify that a person who obtains an
5 ownership interest in a gambling game license must meet the
6 criteria of this article and rules adopted by the commission. A
7 licensee may transfer a gambling game license only in accordance
8 with this article and rules adopted by the commission.
- 9 (c) A licensee or any other person may not:
- 10 (1) lease;
11 (2) hypothecate; or
12 (3) borrow or loan money against;
13 a gambling game license.
- 14 (d) A transfer fee is imposed on a person who purchases or
15 otherwise acquires a controlling interest, as determined under the
16 rules of the commission, in a gambling game license previously
17 issued to another person. The fee is equal to two million dollars
18 (\$2,000,000).
- 19 **Sec. 8. The commission shall transfer:**
- 20 (1) fees collected under this chapter; and
21 (2) all investigation costs recovered under this chapter;
22 to the treasurer of state for deposit in the state general fund.
- 23 **Chapter 6. Slot Machine Suppliers**
- 24 **Sec. 1. The commission may issue a supplier's license under this**
25 **chapter to a person if:**
- 26 (1) the person has:
- 27 (A) applied for the supplier's license;
28 (B) paid a nonrefundable application fee set by the
29 commission;
30 (C) paid a five thousand dollar (\$5,000) annual supplier's
31 license fee; and
32 (D) submitted, on forms provided by the commission, two
33 (2) sets of:
- 34 (i) the individual's fingerprints, if the applicant is an
35 individual; or
36 (ii) fingerprints for each officer and director of the
37 applicant, if the applicant is not an individual; and
38 (2) the commission has determined that the applicant is
39 eligible for a supplier's license.
- 40 **Sec. 2. A person may not receive a supplier's license under this**
41 **chapter if:**
- 42 (1) the person has been convicted of a felony under Indiana
43 law, the laws of any other state, or the laws of the United
44 States;
45 (2) the person has knowingly or intentionally submitted an
46 application for a supplier's license under this chapter that

- 1 contains false information;
 2 (3) the person is a member of the commission;
 3 (4) the person is an officer, a director, or a managerial
 4 employee of a person described in subdivision (1) or (2);
 5 (5) the person employs an individual who:
 6 (A) is described in subdivision (1), (2), or (3); or
 7 (B) participates in the management or operation of
 8 gambling operations authorized under this article;
 9 (6) the person owns more than a ten percent (10%) ownership
 10 interest in any other person holding a permit issued under
 11 IC 4-31; or
 12 (7) a license issued to the person:
 13 (A) under this article;
 14 (B) under IC 4-33-7; or
 15 (C) to supply gaming supplies in another jurisdiction;
 16 has been revoked.

17 **Sec. 3. A holder of a supplier's license may:**

- 18 (1) sell;
 19 (2) lease; or
 20 (3) contract to sell or lease;
 21 a slot machine to a licensee.

22 **Sec. 4. A person may not furnish slot machines to a licensee
 23 unless the person possesses a supplier's license.**

24 **Sec. 5. A slot machine may not be distributed for use under this
 25 article unless the slot machine conforms to standards adopted by
 26 the commission.**

27 **Sec. 6. (a) A supplier shall furnish to the commission a list of all
 28 slot machines offered for sale or lease in connection with gambling
 29 games authorized under this article.**

30 **(b) A supplier shall keep books and records for the furnishing
 31 of slot machines to licensees. The books and records required
 32 under this subsection must be kept separate from the books and
 33 records of any other business operated by the supplier.**

34 **(c) A supplier shall file a quarterly return with the commission
 35 listing all sales and leases.**

36 **(d) A supplier shall permanently affix the supplier's name to all
 37 slot machines that the supplier provides to licensees under this
 38 chapter.**

39 **Sec. 7. If the commission determines that a supplier's slot
 40 machine has been used by a person in an unauthorized gambling
 41 operation, the slot machine shall be forfeited to the state.**

42 **Sec. 8. Slot machines operated under this article may be:**

- 43 (1) repaired on the premises of a racetrack; or
 44 (2) removed for repair from the racetrack to a facility owned
 45 by the licensee.

46 **Sec. 9. (a) Unless a supplier's license is suspended, expires, or is**

1 revoked, the supplier's license may be renewed annually upon:

2 (1) the payment of a five thousand dollar (\$5,000) annual
3 renewal fee; and

4 (2) a determination by the commission that the holder of the
5 supplier's license is in compliance with this article.

6 (b) The commission shall conduct a complete investigation of
7 each holder of a supplier's license every three (3) years to
8 determine whether the holder of the supplier's license is in
9 compliance with this article.

10 (c) Notwithstanding subsection (b), the commission may
11 investigate the holder of a supplier's license at any time the
12 commission determines it is necessary to ensure that the holder of
13 the supplier's license is in compliance with this article.

14 (d) The holder of a supplier's license shall bear the cost of an
15 investigation or a reinvestigation of the licensee and any
16 investigation resulting from a potential transfer of ownership.

17 **Sec. 10. The commission shall transfer:**

18 (1) fees collected under this chapter; and

19 (2) all investigation costs recovered under this chapter;

20 to the treasurer of state for deposit in the state general fund.

21 **Chapter 7. Conduct of Gambling Games at Racetracks**

22 **Sec. 1. Gambling games authorized under this article may not**
23 **be conducted anywhere other than a slot machine facility located**
24 **at a racetrack.**

25 **Sec. 2. (a) A person who is less than twenty-one (21) years of age**
26 **may not wager on a slot machine.**

27 (b) Except as provided in subsection (c), a person who is less
28 than twenty-one (21) years of age may not be present in the area of
29 a racetrack where gambling games are conducted.

30 (c) A person who is at least eighteen (18) years of age and who
31 is an employee of the racetrack may be present in the area of the
32 racetrack where gambling games are conducted. However, an
33 employee who is less than twenty-one (21) years of age may not
34 perform any function involving gambling by the patrons of the
35 licensee's slot machine facility.

36 **Sec. 3. Minimum and maximum wagers on gambling games shall**
37 **be determined by the licensee.**

38 **Sec. 4. The following may inspect a licensee's slot machine**
39 **facility at any time to determine if this article is being violated:**

40 (1) Employees of the commission.

41 (2) Officers of the state police department.

42 **Sec. 5. Employees of the commission have the right to be present**
43 **in a licensee's slot machine facility.**

44 **Sec. 6. A slot machine may be purchased or leased only from a**
45 **supplier licensed under this article.**

46 **Sec. 7. Except as permitted under this article, a licensee may not**

1 permit any form of wagering in the licensee's slot machine facility.

2 **Sec. 8. Wagers may be received only from a person present in**
 3 **a licensee's slot machine facility. A person present in a licensee's**
 4 **slot machine facility may not place or attempt to place a wager on**
 5 **behalf of another person who is not present in the licensee's slot**
 6 **machine facility.**

7 **Sec. 9. A licensee may not install more than two thousand five**
 8 **hundred (2,500) slot machines on the premises of the licensee's**
 9 **racetrack.**

10 **Chapter 8. Taxation of Slot Machine Wagering**

11 **Sec. 1. (a) A state wagering tax is imposed on the adjusted gross**
 12 **receipts received from wagering on slot machines authorized under**
 13 **this article at the rate of thirty-two percent (32%).**

14 **(b) A licensee shall remit the tax imposed by this section to the**
 15 **department before the close of the business day following the day**
 16 **the wagers are made.**

17 **(c) The department may require payment under this section to**
 18 **be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).**

19 **(d) If the department requires taxes to be remitted under this**
 20 **chapter through electronic funds transfer, the department may**
 21 **allow the licensee to file a monthly report to reconcile the amounts**
 22 **remitted to the department.**

23 **(e) The payment of the tax under this section must be on a form**
 24 **prescribed by the department.**

25 **Sec. 2. (a) The state racetrack gaming fund is established.**

26 **(b) The department shall deposit tax revenue collected under**
 27 **section 1 of this chapter in the state racetrack gaming fund.**

28 **(c) Money in the state racetrack gaming fund is appropriated**
 29 **for purposes of this chapter.**

30 **Sec. 3. (a) This section applies to the first twenty-seven million**
 31 **two hundred five thousand two hundred eighty-four dollars**
 32 **(\$27,205,284) deposited in the state racetrack gaming fund in a**
 33 **state fiscal year ending before July 1, 2008.**

34 **(b) Before the fifteenth day of each month, the treasurer of state**
 35 **shall distribute the tax revenue deposited in the state racetrack**
 36 **gaming fund in the preceding month to the Indiana horse racing**
 37 **commission to be distributed in amounts determined by the**
 38 **Indiana horse racing commission as follows:**

39 **(1) To one (1) or more breed development funds established**
 40 **by the Indiana horse racing commission under IC 4-31-11-10.**

41 **(2) To a racetrack that was approved by the Indiana horse**
 42 **racing commission under IC 4-31. The commission may make**
 43 **a grant under this subdivision only for purses, promotions,**
 44 **and routine operations of the racetrack. A grant may not be**
 45 **made for long term capital investment or construction, and a**
 46 **grant may not be made before the racetrack becomes**

- 1 operational and is offering a racing schedule.
- 2 **Sec. 4. (a)** This section applies to the tax revenue deposited in
3 the state racetrack gaming fund that exceeds twenty-seven million
4 two hundred five thousand two hundred eighty-four dollars
5 (\$27,205,284) in a state fiscal year ending before July 1, 2008.
- 6 **(b)** The treasurer of state shall transfer the first one hundred
7 million dollars (\$100,000,000) of the tax revenue described in
8 subsection (a) to the state general fund.
- 9 **(c)** After making the transfer required by subsection (b), the
10 treasurer of state shall transfer the remaining amount of tax
11 revenue deposited in the state racetrack gaming fund in a state
12 fiscal year ending before July 1, 2008, to the revenue sharing fund
13 established by section 10 of this chapter.
- 14 **(d)** Money deposited in the state general fund under this section
15 must be used to provide supplemental residential property tax
16 replacement credits under IC 6-1.1-21.9.
- 17 **Sec. 5. (a)** This section applies to a state fiscal year beginning
18 after June 30, 2008.
- 19 **(b)** The treasurer of state shall transfer the first one hundred
20 million dollars (\$100,000,000) of the tax revenue deposited in the
21 state racetrack gaming fund in a state fiscal year to the state
22 general fund.
- 23 **(c)** After making the transfer required by subsection (b), the
24 treasurer of state shall transfer the remaining amount of tax
25 revenue deposited in the state racetrack gaming fund in a state
26 fiscal year to the revenue sharing fund established by section 10 of
27 this chapter.
- 28 **(d)** Money deposited in the state general fund under this section
29 must be used to provide supplemental residential property tax
30 replacement credits under IC 6-1.1-21.9.
- 31 **Sec. 6. (a)** A local wagering tax is imposed on the adjusted gross
32 receipts received from wagering on slot machines authorized under
33 this article at the rate of four percent (4%).
- 34 **(b)** A licensee shall remit the tax imposed by this section to the
35 department before the close of the business day following the day
36 the wagers are made.
- 37 **(c)** The department may require payment under this section to
38 be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).
- 39 **(d)** If the department requires taxes to be remitted under this
40 chapter through electronic funds transfer, the department may
41 allow the licensee to file a monthly report to reconcile the amounts
42 remitted to the department.
- 43 **(e)** The department may allow taxes remitted under this section
44 to be reported on the same form used for taxes paid under section
45 1 of this chapter.
- 46 **Sec. 7. (a)** The local racetrack gaming fund is established.

1 Money in the local racetrack gaming fund does not revert to the
2 state general fund at the end of a state fiscal year.

3 (b) The department shall deposit tax revenue collected under
4 section 6 of this chapter in the local racetrack gaming fund.

5 (c) The treasurer of state shall establish a separate account
6 within the local racetrack gaming fund for each county containing
7 a racetrack. Each account consists of the local wagering taxes
8 remitted by the county's racetrack under section 6 of this chapter
9 and deposited in the local racetrack gaming fund under subsection
10 (b).

11 (d) Money in the local racetrack gaming fund is appropriated
12 for purposes of this chapter.

13 Sec. 8. The treasurer of state shall distribute the taxes deposited
14 in each account established under section 7 of this chapter for each
15 county containing a racetrack as follows:

16 (1) To each city located in the county according to the ratio
17 the city's population bears to the total population of the
18 county.

19 (2) To each town located in the county according to the ratio
20 the town's population bears to the total population of the
21 county.

22 (3) After the distributions required in subdivisions (1) and (2)
23 are made, the remainder shall be retained by the county.

24 Sec. 9. (a) Before the fifteenth day of each month, a licensee shall
25 pay to the Indiana horse racing commission for the promotion of
26 horse racing a fee of fifteen and twenty-five hundredths percent
27 (15.25%) of the licensee's adjusted gross receipts received for the
28 previous month from wagering on slot machines authorized by this
29 article. Money received under this subsection must be spent as
30 follows:

31 (1) One and five-tenths percent (1.5%) for equine welfare.

32 (2) One and five-tenths percent (1.5%) for backside
33 benevolence.

34 (3) Ninety-seven percent (97%) to promote horses and horse
35 racing in accordance with subsection (c).

36 (b) The Indiana horse racing commission may expend the
37 amounts described in subsection (a)(1) through (a)(2) for a purpose
38 promoting equine welfare or for a benevolent purpose that the
39 Indiana horse racing commission determines in its sole discretion
40 to be in the best interests of horse racing in Indiana.

41 (c) The Indiana horse racing commission shall distribute the
42 amount described in subsection (a)(3) as follows:

43 (1) Forty-six percent (46%) for thoroughbred purposes as
44 follows:

45 (A) Seventy percent (70%) for the following purposes:

46 (i) Ninety-eight percent (98%) for thoroughbred purses.

- 1 (ii) One percent (1%) to the horsemen's association
2 representing thoroughbred owners and trainers.
- 3 (iii) One percent (1%) to the horsemen's association
4 representing thoroughbred owners and breeders.
- 5 (B) Thirty percent (30%) to the breed development fund
6 established for thoroughbreds under IC 4-31-11-10.
- 7 (2) Forty-six percent (46%) for standardbred purposes as
8 follows:
- 9 (A) Fifty percent (50%) for the following purposes:
- 10 (i) Ninety-six percent (96%) for standardbred purses.
- 11 (ii) Four percent (4%) to the horsemen's association
12 representing standardbred owners and trainers.
- 13 (B) Fifty percent (50%) to the breed development fund
14 established for standardbreds under IC 4-31-11-10.
- 15 (3) Eight percent (8%) for quarter horse purposes as follows:
- 16 (A) Seventy percent (70%) for the following purposes:
- 17 (i) Ninety-five percent (95%) for quarter horse purses.
- 18 (ii) Five percent (5%) to the horsemen's association
19 representing quarter horse owners and trainers.
- 20 However, in the first year after the commencement of slot
21 machine operations, the money distributed under this
22 clause may not exceed the lesser of two million seven
23 hundred thousand dollars (\$2,700,000) or five and
24 six-tenths percent (5.6%) of the total amount of money
25 distributed under this subsection. If quarter horse races
26 average at least seven and five-tenths (7.5) horses per gate
27 in the first year after the commencement of slot machine
28 operations or in a subsequent year, the money distributed
29 under this clause for quarter horse purposes shall be
30 increased by ten percent (10%) in the following year.
31 However, the money distributed under this clause may not
32 exceed five and six-tenths percent (5.6%) of the total
33 amount of money distributed under this subsection. If the
34 amount of money distributed under this clause is less than
35 five and six-tenths percent (5.6%) of the total amount of
36 money distributed under this subsection in a particular
37 year, the amounts distributed under subdivisions (1)(A)
38 and (2)(A) for that year shall be increased equally in
39 proportional amounts.
- 40 (B) Thirty percent (30%) to the breed development fund
41 established for quarter horses under IC 4-31-11-10.
- 42 Sec. 10. (a) As used in this section, "eligible county" means a
43 county that does not contain either of the following:
- 44 (1) A riverboat licensed under IC 4-33.
- 45 (2) A racetrack authorized to conduct gambling games under
46 this article.

1 **(b) The revenue sharing fund is established. The revenue**
 2 **sharing fund shall be administered by the treasurer of state. The**
 3 **treasurer of state shall invest the money in the revenue sharing**
 4 **fund not currently needed to meet the obligations of the revenue**
 5 **sharing fund in the same manner as other public funds may be**
 6 **invested. Interest that accrues from these investments shall be**
 7 **deposited in the revenue sharing fund. Money in the revenue**
 8 **sharing fund does not revert to the state general fund at the end of**
 9 **a state fiscal year.**

10 **(c) Before August 15, the treasurer of state shall distribute the**
 11 **money deposited in the revenue sharing fund under this chapter in**
 12 **the previous state fiscal year to the county treasurer of each**
 13 **eligible county. Except as otherwise provided in this subsection,**
 14 **each county treasurer is entitled to a distribution of five hundred**
 15 **thousand dollars (\$500,000). If the amount of money deposited in**
 16 **the revenue sharing fund in the previous state fiscal year is**
 17 **insufficient to distribute the amount specified in this subsection,**
 18 **each county's distribution amount must be reduced equally.**

19 **(d) The county auditor shall distribute the money received by an**
 20 **eligible county under subsection (c) as follows:**

21 **(1) To each city located in the county according to the ratio**
 22 **the city's population bears to the total population of the**
 23 **county.**

24 **(2) To each town located in the county according to the ratio**
 25 **the town's population bears to the total population of the**
 26 **county.**

27 **(3) After the distributions required in subdivisions (1) and (2)**
 28 **are made, the remainder shall be retained by the county.**

29 **(e) Money in the revenue sharing fund is appropriated**
 30 **continuously for purposes of this section.**

31 **Sec. 11. (a) As used in this section, "political subdivision" means**
 32 **a county, city, or town.**

33 **(b) Money paid to a political subdivision under this chapter:**

34 **(1) must be paid to the fiscal officer of the political subdivision**
 35 **and must be deposited in the political subdivision's general**
 36 **fund;**

37 **(2) may not be used to reduce the political subdivision's**
 38 **maximum levy under IC 6-1.1 but may be used at the**
 39 **discretion of the political subdivision to reduce the property**
 40 **tax levy of the political subdivision for a particular year;**

41 **(3) may be used for any purpose specified in this chapter or**
 42 **for any other legal or corporate purpose of the political**
 43 **subdivision, including the pledge of money to bonds, leases, or**
 44 **other obligations under IC 5-1-14-4; and**

45 **(4) is considered miscellaneous revenue.**

46 **Chapter 9. Penalties**

1 **Sec. 1. This chapter applies only to gambling games authorized**
 2 **under this article.**

3 **Sec. 2. A person who knowingly or intentionally aids, induces,**
 4 **or causes a person who is:**

5 (1) less than twenty-one (21) years of age; and

6 (2) not an employee of a licensee;

7 **to enter or attempt to enter the licensee's slot machine facility**
 8 **commits a Class A misdemeanor.**

9 **Sec. 3. A person who:**

10 (1) is not an employee of a licensee;

11 (2) is less than twenty-one (21) years of age; and

12 (3) knowingly or intentionally enters the licensee's slot
 13 machine facility;

14 **commits a Class A misdemeanor.**

15 **Sec. 4. A person who knowingly or intentionally:**

16 (1) makes a false statement on an application submitted under
 17 this article;

18 (2) conducts a gambling game in a manner other than the
 19 manner required under this article; or

20 (3) wagers or accepts a wager at a location other than a
 21 licensee's slot machine facility;

22 **commits a Class A misdemeanor.**

23 **Sec. 5. A person who knowingly or intentionally does any of the**
 24 **following commits a Class D felony:**

25 (1) Offers, promises, or gives anything of value or benefit:

26 (A) to a person who is connected with a licensee, including
 27 an officer or an employee of a licensee; and

28 (B) under an agreement to influence or with the intent to
 29 influence:

30 (i) the actions of the person to whom the offer, promise,
 31 or gift was made in order to affect or attempt to affect
 32 the outcome of a gambling game; or

33 (ii) an official action of a commission member.

34 (2) Solicits, accepts, or receives a promise of anything of value
 35 or benefit:

36 (A) while the person is connected with a licensee, including
 37 as an officer or employee of a licensee; and

38 (B) under an agreement to influence or with the intent to
 39 influence:

40 (i) the actions of the person to affect or attempt to affect
 41 the outcome of a gambling game; or

42 (ii) an official action of a commission member.

43 (3) Uses or possesses with the intent to use a device to assist
 44 in:

45 (A) projecting the outcome of a gambling game;

46 (B) analyzing the probability of the occurrence of an event

- 1 relating to a gambling game; or
 2 (C) analyzing the strategy for playing or betting to be used
 3 in a gambling game, except as permitted by the
 4 commission.
- 5 (4) Cheats at a gambling game.
 6 (5) Manufactures, sells, or distributes any game or device that
 7 is intended to be used to violate this article.
 8 (6) Alters or misrepresents the outcome of a gambling game
 9 on which wagers have been made after the outcome is made
 10 sure but before the outcome is revealed to the players.
 11 (7) Places a bet on the outcome of a gambling game after
 12 acquiring knowledge that:
 13 (A) is not available to all players; and
 14 (B) concerns the outcome of the gambling game that is the
 15 subject of the bet.
- 16 (8) Aids a person in acquiring the knowledge described in
 17 subdivision (7) to place a bet contingent on the outcome of a
 18 gambling game.
 19 (9) Claims, collects, takes, or attempts to claim, collect, or
 20 take money or anything of value in or from a gambling game:
 21 (A) with the intent to defraud; or
 22 (B) without having made a wager contingent on winning a
 23 gambling game.
 24 (10) Claims, collects, or takes an amount of money or a thing
 25 of value that is of greater value than the amount won in a
 26 gambling game.
 27 (11) Uses or possesses counterfeit tokens in or for use in a
 28 gambling game.
 29 (12) Possesses a key or device designed for:
 30 (A) opening, entering, or affecting the operation of a
 31 gambling game, a drop box, or an electronic or mechanical
 32 device connected with the gambling game; or
 33 (B) removing coins, tokens, or other contents of a gambling
 34 game.
- 35 This subdivision does not apply to a licensee or an employee
 36 of a licensee acting in the course of the employee's
 37 employment.
 38 (13) Possesses materials used to manufacture a slug or device
 39 intended to be used in a manner that violates this article.
- 40 **Chapter 10. Employment**
- 41 **Sec. 1. (a)** This section applies if a permit holder's employees are
 42 covered under the terms of a collective bargaining agreement that
 43 is in effect at the time a gambling game license is issued to the
 44 permit holder under IC 4-35-5.
 45 (b) If a permit holder has nonsupervisory employees whose
 46 work is:

- 1 (1) directly related to:
 2 (A) pari-mutuel terminal operations; or
 3 (B) money room functions associated with pari-mutuel
 4 wagering on horse racing; and
 5 (2) covered under the terms of a collective bargaining
 6 agreement;
 7 the permit holder shall, subject to subsection (c), staff
 8 nonsupervisory positions directly related to the operation of
 9 gambling games under this article with employees whose work is
 10 covered under the terms of a collective bargaining agreement.
 11 (c) The employees described in subsection (b) must be qualified
 12 to meet the licensing requirements of this article and any criteria
 13 required by the commission in rules adopted under IC 4-22-2.
 14 Sec. 2. The job classifications, job duties, wage rates, and
 15 benefits of nonsupervisory positions related to gambling games
 16 may be established by agreement of the parties to a collective
 17 bargaining agreement or, in the absence of an agreement, by the
 18 permit holder."
 19 Page 23, between lines 37 and 38, begin a new paragraph and insert:
 20 "SECTION 35. IC 6-1.1-21.9 IS ADDED TO THE INDIANA
 21 CODE AS A NEW CHAPTER TO READ AS FOLLOWS
 22 [EFFECTIVE JANUARY 1, 2007]:
 23 **Chapter 21.9. Supplemental Residential Property Tax**
 24 **Replacement Credit**
 25 Sec. 1. The definitions in IC 6-1.1-20.9-1 apply throughout this
 26 chapter.
 27 Sec. 2. As used in this chapter, "qualified residential property"
 28 means any of the following:
 29 (1) A homestead.
 30 (2) Real property that meets the following requirements:
 31 (A) The real property is located in Indiana.
 32 (B) The real property is a residence that consists of:
 33 (i) an individual's dwelling; and
 34 (ii) the real estate, not exceeding one (1) acre, that
 35 immediately surrounds that dwelling.
 36 (C) The individual using the real property as a residence
 37 either:
 38 (i) owns the residence; or
 39 (ii) is buying the residence under a contract, recorded in
 40 the county recorder's office, that provides that the
 41 individual is to pay the property taxes on the residence.
 42 (D) The real property is not the principal residence of the
 43 individual described in clause (C).
 44 (3) Real property that:
 45 (A) is regularly used to rent or otherwise furnish
 46 residential accommodations for periods of thirty (30) days

- 1 or more; and
- 2 **(B) has fewer than four (4) rental units.**
- 3 **Sec. 3. (a) A person who on March 1 of a particular year either:**
- 4 **(1) owns qualified residential property; or**
- 5 **(2) is buying qualified residential property under a contract**
- 6 **that provides that the person is to pay the property taxes on**
- 7 **the qualified residential property;**
- 8 **is entitled each calendar year to a credit against the property taxes**
- 9 **that the person pays on the person's qualified residential property.**
- 10 **(b) The amount of the credit to which the person is entitled**
- 11 **equals the product of:**
- 12 **(1) the percentage prescribed in subsection (d); multiplied by**
- 13 **(2) the amount of the person's property tax liability, as that**
- 14 **term is described in IC 6-1.1-21-5, that is:**
- 15 **(A) attributable to the qualified residential property**
- 16 **during the particular calendar year; and**
- 17 **(B) determined after the application of:**
- 18 **(i) the homestead credit, if any, under IC 6-1.1-20.9; and**
- 19 **(ii) the property tax replacement credit under**
- 20 **IC 6-1.1-21.**
- 21 **(c) For purposes of determining that part of a person's property**
- 22 **tax liability that is attributable to the person's qualified residential**
- 23 **property, all deductions from assessed valuation that the person**
- 24 **claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which**
- 25 **the person's qualified residential property is located must be**
- 26 **applied first against the assessed value of the person's qualified**
- 27 **residential property before those deductions are applied against**
- 28 **any other property.**
- 29 **(d) The percentage of the credit referred to in subsection (b)(1)**
- 30 **is three and five-tenths percent (3.5%).**
- 31 **(e) Before October 1 of each year, the assessor shall furnish to**
- 32 **the county auditor the amount of the assessed valuation of each**
- 33 **parcel of qualified residential property for which a credit has been**
- 34 **properly filed under this chapter.**
- 35 **(f) The county auditor shall apply the credit equally to each**
- 36 **installment of taxes that the person pays for the property.**
- 37 **Sec. 4. (a) A person who desires to claim the credit provided by**
- 38 **section 3 of this chapter must file a certified statement in duplicate,**
- 39 **on forms prescribed by the department of local government**
- 40 **finance, with the auditor of the county in which the qualified**
- 41 **residential property is located.**
- 42 **(b) The statement required under this section must include:**
- 43 **(1) the parcel number or key number of the real estate; and**
- 44 **(2) the name of the city, town, or township in which the real**
- 45 **estate is located.**
- 46 **(c) With respect to real property, the statement must be filed**

1 during the twelve (12) months before May 11 of the year before the
 2 first year for which the person wishes to obtain the credit for the
 3 qualified residential property.

4 (d) With respect to a mobile home that is not assessed as real
 5 property or a manufactured home that is not assessed as real
 6 property, the statement must be filed during the twelve (12) months
 7 before March 2 of the first year for which the person wishes to
 8 obtain the credit.

9 (e) The statement may be filed in person or by mail. If mailed,
 10 the mailing must be postmarked on or before the last day for filing.
 11 The statement applies for the first year and any succeeding year
 12 for which the credit is allowed.

13 (f) If a person who is receiving the credit provided by this
 14 chapter changes the use of the person's real property, so that part
 15 or all of that real property no longer qualifies for the credit
 16 provided by this chapter, the person must file a certified statement
 17 with the auditor of the county, notifying the auditor of the change
 18 of use not later than sixty (60) days after the date of that change.

19 (g) A person who fails to file a statement required by subsection
 20 (f) is liable for the amount of the credit the person was allowed
 21 under this chapter for that real property after the date of the
 22 change.

23 **Sec. 5. Before April 1 of each year before the year in which the**
 24 **credit is allowed, the auditor of each county shall certify to the**
 25 **department of local government finance the amount of the assessed**
 26 **valuation that qualifies for the supplemental residential property**
 27 **tax replacement credit. Before February 1 of each year, the auditor**
 28 **of each county shall certify to the department of local government**
 29 **finance the amount of credits allowed under this chapter in that**
 30 **county for that calendar year."**

31 Page 61, line 38, after "(IC 4-33-13);" insert "**the taxes imposed on**
 32 **slot machine wagering at racetracks (IC 4-35-8);"**

33 Page 192, between lines 25 and 26, begin a new paragraph and
 34 insert:

35 "SECTION 77. IC 35-45-5-7 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. This chapter does
 37 not apply to the publication or broadcast of an advertisement, a list of
 38 prizes, or other information concerning:

39 (1) pari-mutuel wagering on horse races or a lottery authorized by
 40 the law of any state; **or**

41 (2) a game of chance operated in accordance with IC 4-32; **or**

42 (3) **a gambling game operated in accordance with IC 4-35.**

43 SECTION 78. IC 35-45-5-11 IS ADDED TO THE INDIANA
 44 CODE AS A NEW SECTION TO READ AS FOLLOWS
 45 [EFFECTIVE JULY 1, 2006]: **Sec. 11. This chapter does not apply**
 46 **to a gambling game authorized by IC 4-35."**

1 Page 216, between lines 23 and 24, begin a new paragraph and
2 insert:

3 "SECTION 118. [EFFECTIVE JULY 1, 2006] (a) If the Indiana
4 gaming commission determines that a permit holder (as defined in
5 IC 4-35-2-7, as added by this act) has met the requirements of this
6 act, the Indiana gaming commission shall adopt a resolution
7 authorizing the permit holder to conduct gambling games under
8 IC 4-35, as added by this act. The Indiana gaming commission may
9 exercise any power necessary to implement this act under a
10 resolution authorized under this SECTION.

11 (b) The Indiana gaming commission shall authorize a permit
12 holder to conduct gambling games in a temporary facility upon the
13 Indiana gaming commission's approval of the permit holder's
14 plans for a permanent facility. Gambling games may be conducted
15 in a temporary facility under this SECTION for not more than
16 eighteen (18) months.

17 (c) This SECTION expires January 1, 2009.

18 SECTION 119. [EFFECTIVE JULY 1, 2006] (a) There is
19 appropriated to the department of agriculture established by
20 IC 15-9-2-1 twenty-five million dollars (\$25,000,000) from the fees:

- 21 (1) collected under IC 4-35-5-3, as added by this act; and
22 (2) deposited in the state general fund under IC 4-35-5-8, as
23 added by this act.

24 (b) Money appropriated under this SECTION must be used
25 after September 1, 2006, to promote the following:

- 26 (1) Agriculture based economic development.
27 (2) Conservation.
28 (3) Research.
29 (4) Education.

30 (c) The money appropriated by this SECTION does not revert
31 to the state general fund at the close of any state fiscal year but
32 remains available to the department of agriculture until the
33 purpose for which it was appropriated is fulfilled.

1 SECTION 120. [EFFECTIVE JANUARY 1, 2007] **IC 6-1.1-21.9,**
2 **as added by this act, applies to property taxes first due and**
3 **payable after December 31, 2007."**

4 Renumber all SECTIONS consecutively.
 (Reference is to EHB 1001 as printed February 24, 2006.)

Senator LANANE